

SETTLEMENT AND COOPERATION AGREEMENT

This Settlement and Cooperation Agreement ("Agreement") is entered into this 3rd day of May, 2002, by and among Pet Life Foods, Inc., an Illinois corporation, ("Pet Life"), Sergeant's Pet Care Products, Inc., a Nevada Corporation ("Sergeant's"), Alan D. Brown individually ("Brown"), and LaSalle Business Credit, Inc., a Delaware corporation ("LaSalle").

RECITALS

A. Pursuant to that certain Loan and Security Agreement dated as of June 21, 1999 between Pet Life and LaSalle (as amended and modified from time to time, the "Loan Agreement"), and certain other documents, instruments and agreements executed pursuant thereto or in connection therewith (collectively, the "Related Agreements" and together with the Loan Agreement, the "Lender Loan Documents"), LaSalle has made loans to, and made other financial accommodations to or for the benefit or account of, Pet Life (all such loans and other financial accommodations being herein referred to collectively as the "Loans"). The Loans and all other Liabilities (as defined in the Loan Agreement) of Pet Life to LaSalle, howsoever created, arising or evidenced (collectively, the "Obligations"), are secured by substantially all of Pet Life's assets.

B. As a result of continuing defaults in respect of the Obligations and other liabilities under the Loan Agreement, LaSalle is exercising its right under Sections 9-610 et seq. of the applicable Uniform Commercial Code (the "UCC"), other applicable law and Lender Loan Documents by selling and transferring to World Pet, LLC ("Buyer") in a private sale all of Pet Life's right, title and interest in and to the Subject Assets as defined in, and subject to the provisions of, that certain Foreclosure Agreement of even date herewith (the "Foreclosure Agreement" and such sale, the "Foreclosure Sale"). Pet Life has consented to the Foreclosure Sale and the other transactions contemplated therein pursuant to a Reaffirmation, Release, Consent and Acknowledgment of even date herewith by and between LaSalle and Pet Life (the "Reaffirmation Agreement").

C. Pet Life and Sergeant's have entered into a Notification and Cancellation Agreement (the "Notification Agreement") pursuant to which Sergeant's has agreed to pay \$362,112.13 of disputed invoices to LaSalle and Pet Life and Sergeant's have agreed that Sergeant's shall be released from any future liability, with respect to the royalty payments due under the Trademark License and Transfer Agreement (the "License Agreement") dated September 1, 2001, and Pet Life and Sergeant's further agree that Sergeant's shall be deemed to have offset Sergeant's liability under the License Agreement, if any, against Pet Life's current undisputed obligations to Sergeant's in the amount of \$447,446.38.

D. Concurrently herewith, Pet Life and the Buyer are entering into an Agreement of even date herewith (the "Co-Pack Agreement") pursuant to which Buyer will provide inventory to Pet Life and pay a fee to Pet Life in order to enable

